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**MySCGov.Com:**  
**Creation of a Self-Supporting Portal?**

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Office of Information Resources**

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*Good Day -  
Good Time*

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## **Introduction:**

In November 2000, the Office of Information Resources (OIR) of the South Carolina Budget and Control Board (BCB) christened the South Carolina's new State Web Portal, MySCGov.com. A web portal is an electronic web-site or gateway, which organizes information so that potential users/customers can navigate the site and easily access the information they are seeking. Created under the auspices of OIR, which is a revenue-based agency, the portal was developed, and activated the portal without additional revenues and at a fraction of the cost of other states. All of OIR operating costs are covered by revenues collected for services provided to other governmental entities, state regional, county, or municipality. OIR receives no revenue from the General Appropriations Act. While the portal was conceived and created as a revenue center, it has not lived up to those expectations. The cost of the portal is divided into two basic areas. Cost of the portal itself and the cost of the web development staff (Attachment 1). The salaries of the web development unit are currently derived from other OIR revenue centers (Attachments 1 and 2). The need to market services and collect revenue is critical to the future growth and development of the portal.

The portal has a very basic structural model which is sound (Attachment 3). The provisioning of government services on-line or "electronically " is called e-government. The simple fact that the state has created a "successful" E-government Portal under the organizational constraints, with minimal budget, is an accomplishment. When looking at government as an enterprise or business in which different agencies provide specific services, leaders must identify those core-competencies or skill sets which allow an agency to provide a service within the enterprise. An agency can identify sources of potential revenue by identifying and capitalizing on its core competencies. Allowing

other agencies to focus on their competencies can also result enterprise cost savings as duplication of services are eliminated and services are most efficiently and effectively provided by the appropriate entity. Such is the case to be made for web-development services. Web development within the BCB and conceivably the enterprise of government should be coordinated by a single entity.

The expectation is for e-government to relieve the citizen of some of the burden (time and money) of complying with government by offering "services" and information electronically. How can OIR leverage these lessons within the reality of South Carolina's Government and citizenry to build a self sustaining e-government effort? Finally, if web-development is a core competency for OIR, how should the BCB organize to support and centralize that competency.

The Internet and e-commerce have exploded in the past few years. E-Government offers a unique opportunity for government to provide services while minimizing staff costs and the citizen's effort to comply with a specific government mandate. What is the Cost of doing business with government? It is a function of the infrastructure cost (staff, equipment etc), the actual fee and the time it takes for the citizen to comply with the requirement (Case Study: Cost of Doing Business with South Carolina Government).

This is a measurable value. The potential for electronic government to fill this need is not clearly evident. Is there an appreciation by the citizenry of South Carolina for the potential of service provision electronically? Is there an appreciation for the potential cost savings to both government and the citizen by electronic provision of governmental service? The answer is probably no.

**Background:**

South Carolina created an initial web presence in January 1996 maintaining the [www.state.sc.us](http://www.state.sc.us). Unlike the original site, MySCGov.com was designed to act as a Web Portal or gateway. The original South Carolina web-site reflected the organizational structure of the State Government so that the common citizen, without an understanding of government structure, had to struggle to find information on specific programs. An individual, who did not know what agency a program, fell under might have to search numerous stovepiped or unrelated sites hosted by individual agencies (Dell Kinlaw).

The emergence of the World Wide Web and the Internet during the 1980's, and its wide spread acceptance and use during the 1990's, lead government at every level to review and evaluate the programs and services they provided and to identify methods to provision them on-line. In South Carolina, the initial web-presence [www.state.sc.us](http://www.state.sc.us) provided access to individual agency web-sites through a list of agencies and their major sub-divisions.

In 1997, the Information Resources Council (IRC) was created to help the State of South Carolina initiate a strategic planning process for information technology. The IRC was a private - public partnership, which addressed a wide variety of IT, related issues and problems. The E-Commerce Work Group was one of the most successful for the IRC efforts. The group studied the use of the Internet as a venue for conducting of business transactions or commerce. The group drafted the first electronic commerce legislation in the state, allowing agencies to collect fees on-line and the first regulations setting the stage for e-government in South Carolina. The concept, which became the MySCGov.com portal, was also a result of the partnerships established within the IRC's E-Commerce group.

### **Electronic Government:**

Electronic Government has become a natural offspring of E-Commerce. As the Internet access spread to 60-70% of the population, the increasing expectation is for government to follow the business community and provide services on-line (Dell Kinlaw). South Carolina was one of the first states in the country set up a network of T1 lines connecting every school and public library to the Internet allowing anyone in the State access to anyone who wished it. Today, if an individual could send flowers, make airline reservations, and even buy a car on-line, why couldn't you re-new a driver's license, subscribe to special legislative information, register a car, get a hunting/fishing license, or even pay taxes on-line.

In 1998, the IRC initiated a case study, researching the amount of time/money required for an individual family of four to move to the state and setup a business. What is the Cost of doing business with government in South Carolina? For government it is a function of the infrastructure cost (staff, equipment etc). However, for the citizen it is also the actual fee and the time it takes to comply with the requirement. This is a measurable value. The IRC Case Study, "The Cost of Doing Business with South Carolina" quantified the value of an hour of time based on the income of the case family. It was determined that almost 56% of this test family's salary and time were expended in complying with governmental requirements of various types. "Case Study" firmly established the potential benefit of South Carolina pursuing E-Government initiatives in the lives of the citizenry.

Another important contribution of the IRC was to clarify the way in which the common citizen viewed government. Unlike individuals, who work and interact with government agencies on a daily basis, the common citizen views government in terms of the services

it provides, not in terms of agencies and departments. In other words, citizens or customers view government functionally vice organizationally. Influence, authority, money, and subsequently power flows through this system organizationally. Government has never had to market its services, nor it has ever had to orient itself from a customer perspective. Traditionally, government provided a service for free, the recipient accepts as it is or not at all. Hiding behind the veil of bureaucracy government has created processes which fit its needs and not the needs of its customers. With rising prominence of the Internet: government was forced to reengineer itself. E-government, the provision of governmental services on-line, has forced a fundamental change of how government provides service. In addition, government agencies and their internet sites have functioned in stovepipes, or individual avenues which carry specific information concerning one program or agency with little or no interaction with other related programs outside the direct influence of the host program or agency.

**Web Portalling/MySCGov.com:**

A Web Portal is a web-site that organizes information along functional lines (services) vice organizational lines (agencies). This allows the user, the citizen and customer, to cut across the individual agency sites to link to various programs administered by various agencies usually under functional topic headers. The MySCGov Functional Headers are topics, which organize information as the customer, might search them. These include Health, Public Safety, Government, Environment, Tourism, Education, and On-line services. Under these headers the citizen will find not only links to specific programs and services, but also links to the agencies associated with the topic. Program and agency links are frequently duplicated under different headers if the program relates to say the Environment and Tourism.

The MySCGov Portal was created to exist as self-sustaining revenue generating entity supported by fees for services and information provided to the citizens of South Carolina. Unfortunately it has not lived up that expectation. The initial cost of creating the site was less than \$500,000 (Attachments 1 and 2)(Jim MacDougall). In the world of State Government Portals that is a tremendous bargain. North Carolina spent over \$4 Million to create their new portal. Massachusetts spent over \$8 Million. The portal is staffed by 12 people staff housed in the Web Development Unit of OIR. For the FY 01-02, the monthly cost of operations is around \$129,538 projecting to over \$1.5 million for the FY (Attachment 1). The unit is responsible network security (firewall), e-commerce, applications programming and web-development. Revenue figures for the unit does not currently meet the cost of operations for the staff and portal (Attachment 1)

#### **Organizational Environment:**

The MySCGov Portal has overcome significant obstacles to simply exist. Understanding the environment under which MySCGov was created and is maintained is critical to formulating a plan its future. The portal was created without any additional General Fund support. Most importantly, it was created in a governmental environment in which data is owned by each individual agency. This means that data, the primary revenue of any self-sustaining portal can not be leveraged without the owner agency's agreement. The most successful state portals leverage, drivers license records, legislative reports, and other information for a fee. Successful portals provide citizens, businesses, and other organizations access to services and information on-line for a nominal fee: such as driver's license renewal, hunting and fishing licenses, reservation and legislative information. A citizen of California, for instance, can re-new his/her driver's license on-



line, thus saving the time and effort required to stand in line at the DMV to comply with this government mandate.

There are currently 75, basically, independent state agencies in South Carolina. Ten are joined together loosely under the Governor's Cabinet. Power and influence is a product of the State General Appropriations Act, which is controlled by the State General Assembly. All of the agencies including the Governor's Office/Cabinet Agencies must comply with the budget process, lobbying individually in order to receive operating funds. As a result, information, authority and therefore power is diffused and decentralized throughout the State's government and agencies. Consequently, there is no single overall authority to guide policy and initiatives within the State.

OIR is a sub-division of the South Carolina Budget and Control Board (BCB), the administrative department of the State. The SC BCB, or "the Board" consists of the Governor (Chairman), Chairman of the Senate Finance Committee, the Chairman of the House Ways and Means Committee, the State Treasurer, and the State Comptroller General. There are, however, limitations. The Board possesses some regulatory authority. A majority of the authority and subsequently compliance rest in the authority of each of the individual members to influence policy beyond the BCB as an agency. For example, the Governor can directly influence the ten cabinet agencies and the BCB itself. The House and Senate members can influence agencies through the committee and budget process.

OIR is located in the BCB's Division of the Chief Information Officer. The Division of the State CIO was created to consolidate the three primary technology functions housed under the BCB. The first, IT Planning was housed under the Office of Research and Statistics. They are responsible for the review and approval of all budget requests

involving technology. The second, the Information Technology Management Office (ITMO) was housed in the Materials Management Office of the Office of General Service and administered the procurement of IT equipment and services. Finally the Office of Information Resource was located in the BCB Division of Operations and reported directly to the BCB Chief of Staff.

OIR is responsible for the administration of the state's computer and telephone network infrastructure. As a revenue-based agency, OIR receives no funding under the General Appropriations Act. OIR is responsible for establishing and administering the State's computer and networking infrastructure and telephone service and infrastructure. OIR contracts and collects fees for services provided from the various divisions of the Board and other State Agencies. MySCGov was created using funds generated from OIR various revenue streams. The portal was created to be self-sustaining, a revenue center which would at the very least cover the costs of operations. Web development site applications programming are the chief source of income for the portal.

**National Ranking:**

In January of 2002, the University of Indiana published a report entitled "State Web Portals: Delivering and Financing E-Service,". The report ranked the functionality of the Web-Portals hosted by each of the fifty states. The MySCGov Portal was a little over a year old when the report ranked it number 6 in the nation. The success of the MySCGov Portal is a function of meeting the most basic criteria of the study. The scope of services provided on MySCGov is very limited. Since the first state e-commerce transaction was completed on September 15, 2000, \$2,937,037 (as of 3-25-02) in e-commerce has been conducted in a year and 8 months. In that time, none of the fees collected have gone to maintenance of the portal (OIR E-Commerce Database). The list of on-line services

being provided by MySCGov continues to grow as word of the portal's national ranking filters through government. A number of the State's Institutes of Higher Education are bring their services through the portal again including Francis Marion, Clemson University Housing, and others. Still all revenues from these services return to the parent institutions.

Web hosting, web development, network security development, and e-commerce applications development generate some revenues for the portal (Attachment 1). Projects are generally referred from in-house sources or current clients. The marketing of Web Development Unit services is limited by funding constraints and organizational structure. Many agencies house organic web development units or out-source their web development needs. Even within the BCB most of the divisions and some of the offices house individuals or units with web development expertise. There is no requirement even within the BCB for units to use OIR's Web Development Unit. The growing popularity of WYSIWYG Web Development programs such MS FrontPage and Dreamweaver have made web-site development an easily learned skill.

### **Recommendations:**

The basic problem faced by MYSCGov is how to make the portal self-sustaining revenue center. The issue must be reviewed in terms of a number of specific issues and/or constraints placed upon the portal by the organizational structure of the agency and office which host the program. These issues include:

1. Web Development as a Core Competency: Consolidation/Coordination
2. Marketing.
3. Smart Person Training /Skill Set Development and Coordination
4. Public Education

## 5. Consulting/Contracting and Right of First Refusal

1. Consolidation/Coordination: Each division of the BCB possesses some level of web-development capability. Most develop their own web-sites, and some host them in-house. Consolidation and or coordination of web-development skill sets could be beneficial at a number of levels. Consolidation could increase the revenue generating capacity of the portal. The increase in quality of customer service could improve the production and troubleshooting turn around time. Assuming that the potential markets exist to keep these individuals employed generating revenue, individual host offices would experience cost savings transferring FTE's to a revenue-based agency. Host offices would contract for web-development services for site maintenance billed on an as needed basis, not a full time employee.
2. Marketing: As a result of organizational and funding constraints marketing of government service has never been widely accepted. In order for the portal to generate the revenues necessary to meet the needs of the citizens who use it, a concentrated marketing program must be staffed and developed by the portal. In today's electronic world the first site many people see when they research the state is MySCGov.com (Attachment 3). The necessity of using the portal as a marketing tool itself can generate additional revenues though tourism and industrial recruitment. The increase in interest since the announcement of the University of Indiana Portal Report has been measurable. The existing organization perspective is in the process of changing to allow and encourage marketing services.
3. Smart Person Training /Skill Set Development and Coordination: The Coordination of web-development assets or Smart People within the BCB offers a number of benefits short of consolidation of assets. It would allow access to additional web-

development personnel. It would allow access to additional skill sets, which could enhance the ability of the portal to provide services. Finally, it could offer a level of cross training among web-developers within the BCB enhancing both the portal and individual office sites.

4. Public Education: Development of a program to increase public knowledge and understanding of the portal, the services it offers and the potential for provisioning of other service can increase its viability with clients in other state agencies and local government. This opens other potential markets and service improving current revenue streams and creating new opportunities.
5. Consulting/Contracting and Right of First Refusal: Another potential avenue of revenue is to require all BCB web-development to be submitted and reviewed by portal web-development services. This Consulting function could provide cost-effective recommendations on the best avenue to accomplish the specific goals for BCB office sites. Whether the in-house staff completes the development, or it is out-source the OIR unit, or a private web-developer, the coordination of services, centralized project management and implementation of a plan of agency wide web-development could provide direct benefit.

**Evaluation and Measurement:**

OIR monitors web usage of sites hosted on the in-house servers. Reports are generated and posted (Attachment 3) for use by decision-makers. In addition, OIR tracks all cost and revenue codes are currently a function of daily operations. Any increase in revenue will be readily apparent.

## **Sources:**

### **1. Primary:**

- (a) Dell Kinlaw, Director of Research Staff , OIR, Research Staff Director  
Information Resources Council
- (b) Jim MacDougall, Manger, OIR Web Development Unit
- (c) Felecia Bennett: Account Manger, OIR
- (d) Teresa Richardson: Web Development Unit Customer Service Liaison
- (e) Mike Scholl: Web/E-Commerce Applications Programer

### **2. Secondary:**

- (a) IRC Case Study: "The Cost of Doing Business with South Carolina Government" By Marie DiLuciano, December 1998.
- (b) University of Indiana: "State Web Portals Delivering and Financing E-Service" By Diana Gant, Jon Gant, and Craig Johnson, January 2002.
- (c) Monthly Revenue/Expense Summary February 14, 2002
- (d) OIR Allotment Detail Report February 22, 2002
- (e) Source: Web Trends Site Usage Program Report:  
[http://www.myscgov.com/stats/yearly/myscgov\\_01\\_b.HTM](http://www.myscgov.com/stats/yearly/myscgov_01_b.HTM)
- (f) OIR E-Commerce Database

Attachment 1  
**Cost Figures**

| Source: Monthly Revenue/Expense Projection for February 14, 2002 |                |              |                  |               |
|--|----------------|--------------|------------------|---------------|
| July to Jan 02 (6 months)  |                |              |                  |               |
|  | Cost           | Revenue      | Total 6 month Ac | Projection    |
| Web Portal   | \$57,388.00    | \$0.00       | -\$57,388.00     | -\$114,776.00 |
|  |                |              |                  |               |
| Web Development Unit   |                |              |                  |               |
| Web Dev/Home Page  | \$163,703.00   | \$26,362.00  | -\$137,341.00    | -\$274,682.00 |
| Disk Space   | \$0.00         | \$25,011.00  | \$25,011.00      | \$50,022.00   |
| Special Projects   | \$466,840.00   | \$88,732.00  | -\$378,108.00    | -\$756,216.00 |
| Security   | \$89,302.00    | \$109,215.00 | \$19,913.00      | \$39,826.00   |
|  |                |              |                  |               |
| Totals   | \$719,845.00   | \$249,320.00 | -\$470,525.00    | -\$941,050.00 |
| Total Cost (6 months)  | \$777,233.00   |              |                  |               |
| Total Cost (1 month)   | \$129,538.83   |              |                  |               |
| Annual Projection  | \$1,554,466.00 |              |                  |               |

Attachment 2

**Budget Figures**

OIR Allotment Detail Report February 22, 2002

Portal Only Expenses

| Portal Budget | Remaining    | YTD Expenditures | Projection   |
|---------------|--------------|------------------|--------------|
| \$500,000.00  | \$389,671.00 | \$110,329.00     | \$220,658.00 |



### Attachment 3

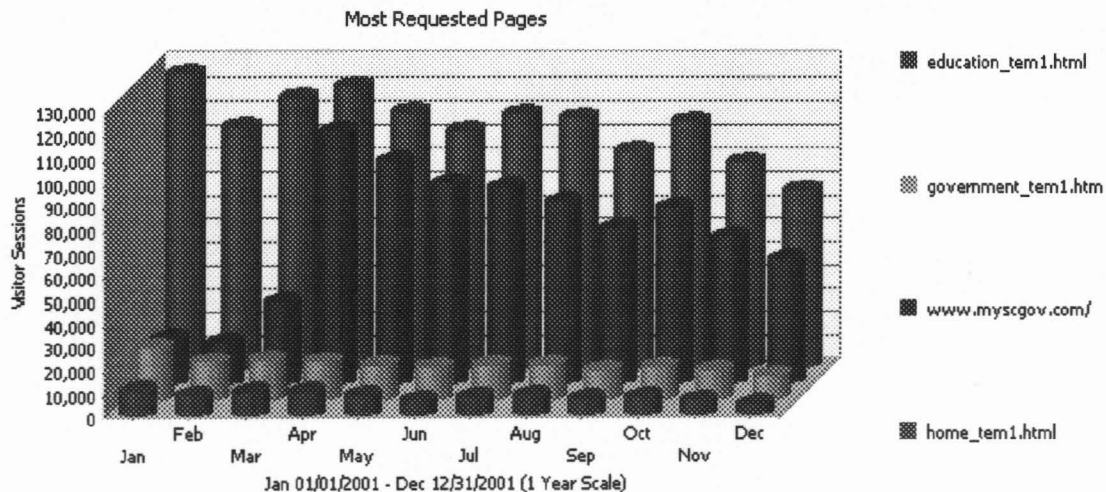
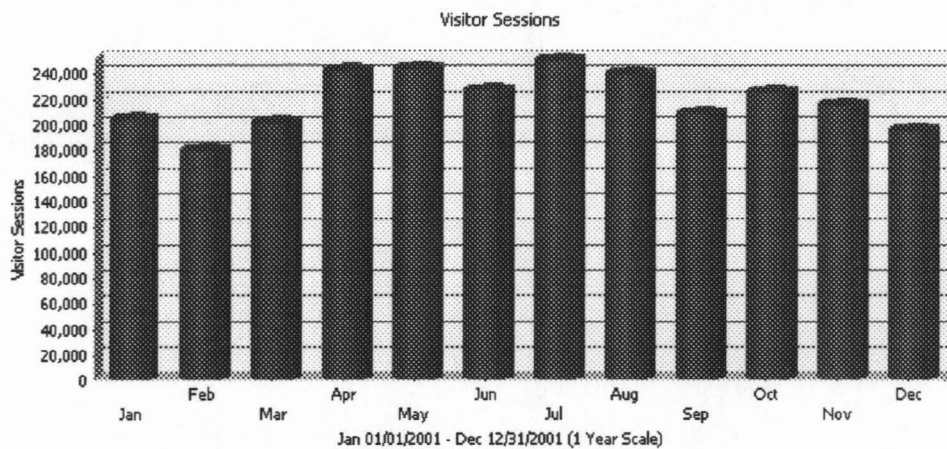
#### Usage Figures

Source: Web Trends Site Usage Program Report:

[http://www.myscgov.com/stats/yearly/myscgov\\_01\\_b.HTM](http://www.myscgov.com/stats/yearly/myscgov_01_b.HTM)

#### MySCGov 2001 Usage Figures (Top Five pages)

|   | Pages           | Views     | % of Total Views | Visitor Sessions | Avg. Time Viewed |
|---|-----------------|-----------|------------------|------------------|------------------|
| 1 | MySCGov Home    | 2,300,804 | 42.62%           | 1,260,191        | 00:02:51         |
| 2 | MySCGov.com     | 1,635,992 | 30.3%            | 788,959          | 00:00:54         |
| 3 | Government Page | 222,227   | 4.11%            | 187,772          | 00:04:11         |
| 4 | Education Page  | 120,172   | 2.22%            | 101,935          | 00:04:15         |
| 5 | Tourism         | 71,535    | 1.32%            | 62,357           | 00:04:48         |



## Attachment 4

### Action Plan

1. Web Development as a Core Competency: Consolidation: This would require approval of the CIO and the entire BCB. The potential for discord among divisions would be high, but so would the potential savings. This can only be accomplished with planning and communication of goals and objectives of the different players. With the constraints of the current budget situation the consolidation of services within core competencies in areas where state appropriations are not involved has some potential. **Timeline**: July 1, 2001 to prepare proposal and staff through the appropriate chain of command. **Cost**: Time required compiling the proposal and staffing it through the approval process. In these austere budget times the concept of consolidating core competencies into revenue based units could potentially save jobs in the long run. Unfortunately, the exact number and salary figures for BCB Web Development personnel are not accessible for the purpose of this report. The significance of the cost figures should be the deciding factor.
2. Marketing: In order for the portal to achieve its potential, marketing must occur. A limited amount already occurs. The new philosophy promoting marketing at OIR should have a very positive effect on revenues of the portal provided it is handled with tact and care. **Timeline**: Initial Recommendations have already been input to chain of command. **Cost**: Hiring of a FTE dedicated to marketing for the portal web development will depend on level and grade requirements.
3. Smart Person Training /Skill Set Development and Coordination: The concept of coordinating skill sets was initially developed by ITMO under the Smart Person Contract. Under the contract vendors certify skill sets and negotiate a cost agreement. State Agencies can access the contract to utilize a wide variety of skills, which they do not possess in house. Applying the concept within the BCB to allow different divisions to access a variety of skill sets and make cross training possible at a significant cost savings. **Timeline**: July 1, 2001. **Cost**: Time required compiling the list and publishing it.
4. Public Education: The need for public education concerning the state of e-government; and its potential and direct benefit to the public could only bring more citizens to use the resources available on the portal and indirectly fund new services. The Web Development group currently participates in the State Discovery Fair a multi agency booth at the SC State Fair, which showcases MySCGov and its services. In 2001 the SC Department of Natural Resources asked MySCGov to coordinate a similar booth at their annual Palmetto Sportsman's Classic (PSC) to educate and promote on-line government services and information. The 2002 PSC Booth brought a significant number of citizens in contact with MySCGov.com and many positive comments from prior users of the site. **Timeline**: Ongoing planning and search for new opportunities to market services to the citizens of South Carolina. **Cost**: Time required compiling the list and publishing it.

5. Consulting/Contracting and Right of First Refusal: The development of a Web Development planning function for the BCB designated to review and determine the most cost effective means of accomplishing specific agency and office site needs could provide the agency a number of cost effective options for web-development which might serve their needs more efficiently. **Timeline**: July 1, 2001 to prepare proposal and staff through the appropriate chain of command. **Cost**: Time required compiling the proposal and staffing it through the approval process.